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Gary, Elbert Henry

Statement by
Elbert H. Gary, chairman...

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STATEMENT BY

ELBERT H. GARY

CHAIRMAN, UNITED STATES STEEL CORPORATION

AT

ANNUAL MEETING, APRIL 17, 1922

INCLUDING REMARKS OF STOCKHOLDERS

STATEMENT OF ELBERT H. GARY, CHAIRMAN, AT
ANNUAL MEETING UNITED STATES STEEL
CORPORATION, APRIL 17, 1922, AND
REMARKS OF STOCKHOLDERS

Judge Gary: Ladies and Gentlemen, it is a real pleasure to meet you here today. It is always, year after year, very agreeable to have you come here and show your interest. Later I will perhaps make some observations concerning topics in which you are interested. But before that, as usual, I will give the opportunity to those who are present to make any suggestions, criticisms or arguments relating to the affairs of the Corporation about which you may be disposed to speak and which you think are worthy of special comment.

For twenty-one years and more our stockholders meetings have been open. No one has ever been refused opportunity to speak, whether he was favorable to what we had done or, as in a very few cases in the earlier years, he disapproved and was disposed to be antagonistic.

Mr. Crowell: Mr. Chairman, my name is Crowell, 30 Church Street. I want to speak in a complimentary way of the educational value of the annual report of the Corporation. Having been a teacher of youth and being occupied largely in the preparation of young men for foreign trade careers, it has fallen to me to make use of a great many different kinds of documents which may be available for the instruction of these young men. And you, as men who have the responsibility of the development of this Corporation, have an interest

in this viewpoint I take it. The fact that the volume of business is divided into the sales in domestic markets and in foreign markets is one of the most illuminating phases of the annual report. And I trust that the authorities who prepare the annual reports will keep in mind the educational value of this report not only to the stockholders but to the educational institutions and to the people who are interested in knowing what a great corporation of international character does.

And in that connection I would like to suggest that in some early annual report, probably the next, it include a map which will show the main points through which the United States Steel Corporation distributes its tonnage in the foreign world, as formerly it did show in some of its annual reports, by illustrations and by maps, the locations of the different plants and properties which it owned. This phase of it would be highly illuminating to the younger generation and no doubt so to the stockholders. If the officers will keep that in mind in making up their next year's report I think they will add materially to the value of this as an instructive document to help to give to the younger minds a grasp of the great scope of the greatest industry in the export sense that the United States has.

Mr. Brett: Mr. Chairman, you will have to bear with me again, as you have in years past. It is a long time since the great slump in business came, just on the outbreak of the war, and when our Chairman had to ask for our indulgence in reducing the dividend rather than reducing the wages of the employees; and I am glad to see that although there was a great surplus at the time this great slump came, that the company has not only provided a surplus but a liquid surplus

with which this Corporation was able to pay its dividends, not only on its preferred but on its common stock, when so many other corporations not only failed to pay on their common stock but on their preferred stock also.

And I think that I only voice the sentiment of this company here today when I want given a vote of thanks to the Chairman and the Finance Committee and the executives and all the Board for the great work in conserving the interests of this great Corporation, and especially in maintaining the fixed prices which were declared to be reasonable and fair during all that great boom and runaway market which followed.

Judge Gary: There are others I am sure. Dr. Griffith?

Dr. Griffith: Judge Gary and Gentlemen:

My remarks have to do with the matter of the Corporation having its own delivery wagon service for overseas trade, also consideration by you of the adoption of a single trademark for all subsidiaries. I am not reading those remarks referring to the first, however, for the reason of the two lines printed at the bottom of page 27 of the annual report. I shall read the last part of my writing, which is:

Finally, gentlemen, the most valuable thing, the greatest asset of the United States Steel Corporation, is not your mines or mills; the greatest asset of the United States Steel Corporation is sitting before you—I mean Judge Gary. Why do I say this? Because he holds the thing together.

Everybody around a rolling mill knows what speeding up means; so you will understand me well enough when I say I think Judge Gary needs speeding up. Now he only has 267,000 people working for him, and he could manage just as

well 500,000; so it looks as though it was up to Mr. Farrell's sales department to get the business, and the idea is to send out your own ships and go get it.

Judge Gary: Any others? Mr. Osgood, you ought to say something.

Mr. Osgood: I think we all might be interested in the business situation. Judge Gary usually knows what we would like to know about; what he thinks of business in the future and also how the export business is coming along. That is the outstanding thing before us at the present moment.

Judge Gary: I should like to deal for a moment in personalities. We have been meeting, many of you who are present, year after year. You have been steadfast and faithful, and intelligent in what you have said and the suggestions for improvement which you have offered from time to time. We know your faces, your names and your holdings. And I assure you we appreciate your disposition and your presence at these annual meetings.

This Corporation has become a large and friendly family of business men and women. And to have the support of such as you is of more benefit, and of more real gratification to the officials than even the contribution of money could be.

You perhaps have noticed that on this occasion, for the first time since our stockholders meetings began to take place, Mr. Thomas Murray, who was always close by, who was Assistant Secretary and Assistant Treasurer and in an official way connected with our subsidiary companies, is not present. He has gone. We have lost him forever. A splendid, high type of man.

Also you notice perhaps that Mr. Richard Trimble, Secretary and Treasurer, who has been present on nearly every occasion of this kind, is not here. He has been physically incapacitated for more than a year. And we miss him. Another very fine man.

We have lost some others. Many, the larger number, of our directors and members of our Finance Committee have died. We must all go soon at best. But if we can conduct ourselves in such a way as to secure and maintain the respect and the friendship of our stockholders, of our employees and of the general public, life will have been worth living.

We have present on this occasion one, I think only one, of our pensioners, Mr. Robert S. Thorp, who was in our employ many years, and after long, faithful service he was placed upon the pension list; and he comes here today to witness the proceedings.

We have large numbers of men like him. We have received information of many who have gone on the pension list and been in the employ of the Steel Corporation, or some of its companies, for many years—the longest fifty-six years. And we have received friendly and grateful letters from many of them. Such testimonials as these are worth living and doing business for.

Our employees generally, before, through and after the war, have been in the main loyal, steadfast and efficient. And we have tried to treat them as they deserved. It will be our policy to pay all of our workmen fully as high wages and to treat them in every respect at least as well as other employees in similar lines of service are paid or treated. By serving them in this way we best serve the interests of our stockholders and of the general public.

Business conditions have been improving, as you know. I read in the newspapers this morning, and yesterday, that there had been an increase of nine per cent in general business in the past year. Well, the steel business has doubled in volume during that period. It would be a long discussion if I attempted to cover the reasons for this business not having been better at certain periods since the armistice was signed. That would be useless at this time. It is sufficient to say on that point that we are operating at the present time up to seventy-five per cent of our ingot capacity, and about the same or a little more as to our iron capacity.

This Corporation has made steady, persistent and intelligent progress from the time it started. We have fortified our positions, we have become stronger, we have added to our capacity and to our wealth. We have contributed to the stockholders as much in dividends as we believed would be absolutely safe to the Corporation, taking into consideration the possibilities of the future as we have seen it. And I may say for one I feel very proud of the praise bestowed by one of the stockholders in regard to our disposition to conserve the cash resources of the Corporation. There have been times when some criticisms have been made, generally by outsiders who were not well acquainted with our conditions or well informed as to the facts, some of which perhaps were justified; but there has never been any good reason for saying that the intentions of the management of the United States Steel Corporation or any of its subsidiaries have not been good and honest.

You probably expect me to say something about the coal strike. If you were to ask me why any of our men in the mines discontinued work, I would be compelled to answer I

do not know. They must have been persuaded by outsiders. No reasons were presented in advance, and I do not know that any existed. And because of that fact I hope and verily believe that at least a large number of those who went out will soon be willing and anxious to resume their work. Anyhow, we shall not give any of them a reason for not doing so. I think it would be our policy not to employ others, outsiders, to fill the places of any of those who have gone out, until after they have had opportunity to return. We have no feeling concerning any of them except of the most friendly character. And no matter what may be said or published to the contrary no one could have a deeper interest in the welfare and prosperity of our employees than the managements of our different companies.

At the present time our coal operations in the Birmingham, Pocahontas and Kentucky districts are up to capacity, and we are getting very large quantities of coal of the best kind from each of those sections. From the Connellsville district we are now receiving 117,000 tons of coal per week, and of coke about 54 per cent, or 54,000 tons. Consequently you will see that we are being daily well supplied with coal and coke. And including the large quantities we had in storage, and also considering the other circumstances to which I have alluded, we are very well taken care of.

I think I ought to refer briefly to the twelve-hour day question. As always this is a very difficult one. As you know, it has been our policy for years to eliminate long hours, long turns and the seven-day week. The seven-day week was discontinued long since and the fact published. In the early part of 1921 we had entirely eliminated the long turn, which occurred at the time shifts were made. Between October

1920, and March 1922, we reduced the twelve-hour men from thirty-two per cent of the workmen to fourteen per cent. Those fourteen per cent of course were engaged in what is termed continuous operations, where it was necessary to keep the machinery going uninterruptedly. There is no other practicable way.

We would like and hope to eliminate all of the twelve-hour day work if practicable. In the first place we meet the opposition of the men themselves, who wish to work longer hours in order to make larger compensation. I have stated before in discussing this question that twelve hours means twelve hours a day on duty, not twelve hours continuous work. About six hours only of the twelve the men are actually engaged in work.

You may remember that the committee of five stockholders, appointed on the motion of a stockholder several years ago, in their final report stated that while they would like to see various things done away with, including the twelve-hour day, they realized it would not be practicable or possible "for any one employer or any number of employers to inaugurate a shorter hour system unless a similar policy should be adopted by all employers in the same industry." The reason is obvious: If one employer or a number of employers should offer employees a limited number of hours, less than twelve hours, and other employers in the same line offered their workmen the opportunity of working twelve hours, so that larger earnings would be received, the men would leave the mills or the furnaces of lesser hours and engage with the competitors who offered longer hours.

We have been told sometimes by outsiders—and by that I mean those not engaged in the work, who are not practical

men, who have never had anything to do with it—that we should force our employees to accept shorter hours or relieve them entirely. We do not believe in that doctrine. We believe the workmen are entitled to be consulted. Theoretical sympathy does not go very far with the workman. Coming from outsiders not familiar with the situation it does not appeal to his judgment, and antagonizes him.

We have done the best we could and we are still doing the best we can. We would like to satisfy every phase of public sentiment or public representation if it were practicable. But when it comes to the welfare of the workmen themselves, we think they are entitled to receive special consideration.

Gentlemen, I would like to say to you in conclusion that the United States Steel Corporation and its subsidiaries are doing business at the old stand. Our competitors believe in the twelve-hour day, and although they have more than once been requested to express an opinion, so far as we know they have not yielded to the desire of the lecturers and some publishers, well-intentioned persons, to reduce the hours contrary to the wishes of the men.

We expect to meet competition, sharp competition. We have no feeling of hostility towards competitors or any one else. We are going to do our duty as we see it. As I told you a year ago, we recognize our obligations and responsibilities to all of the different interests. We are subject and will be subject to criticism; sometimes it will be unfair. That has no influence upon us except when we hear or read of a criticism, which we think is deserved, we will try to improve our methods accordingly. There is no personal temper in our attitude. Our business is too big to admit of personalities and hostilities.

As one gentleman said, he thought our company was perhaps the biggest industrial concern engaged in export business. I think I could say, not by way of boasting but by way of stating the facts, our Corporation is the biggest in the world, concerning export or domestic business. And because it is large our responsibility is made greater. We realize the necessity is greater for conducting our affairs in an honest and aboveboard way. Our export business at present is increasing and has been for some time; it is getting back to what it was before the war; it is returning to where it was at the highest point. We believe all of our business will increase.

It was stated in one of the newspapers this morning that on these occasions we talk to the general public. That is too large. We talk to our stockholders, those particularly interested in our affairs. We never urge investors to buy our securities. We give them the facts and figures and reasons, and ask them to decide for themselves. If we do not earn and pay dividends it will not be the fault of the management.

If the large number of employees of the different concerns, including our own, have not been receiving as much of late as they did at the peak, it is not because of management, it is because of the falling off in business, and that no one can control. We attempt to secure our fair share always; to do our full part and to faithfully perform our duties. No more could be expected of us; no less would satisfy us.

I thank you.

Mr. Brett: I would like to move a rising vote of thanks to the Chair.

The motion was seconded and unanimously carried.

Mr. Mumford: Is it appropriate to ask a question concerning your report?

Judge Gary: Yes.

Mr. Mumford: The theoretical sympathy from outsiders to which you refer I meet very often; I presume other stockholders do. The question I would like to ask is this: You stated that the reduction of the twelve-hour men had been from thirty-two per cent to fourteen per cent, and that the natural result of eliminating the twelve-hour men would be to send them away to competitive interests. I would like to ask to what extent that reduction has warranted that conclusion on your part—to what extent the reduction from thirty-two per cent to fourteen per cent has sent away your good men to other interests of a similar character.

Judge Gary: Of course we have no way of telling exactly how many. We know by practical demonstration that our men go for that reason, because they say so and because we see them or learn of their working elsewhere at longer hours.

Mr. Mumford: In that case why send them away or permit them to go?

Judge Gary: We have to use judgment in regard to that. The reason why we sometimes let them go instead of increasing the hours is that we think they have reached a determination, and besides we endeavor so far as we can, and so far as it is practicable, to satisfy a certain portion of the public sentiment in favor of reducing the hours.

Mr. Mumford: It is a yielding then largely to public sentiment?

Judge Gary: I will say frankly, Mr. Mumford, as I have stated before at stockholders meetings: I am not certain that in most cases it is a hardship rather than a benefit to a workman to refuse to allow him to work twelve hours a day when the work is not laborious and not injurious to him and when he desires to work longer and earn more money. Many of the highest officials of our Corporation and subsidiary companies work twelve hours a day, and some of them more than twelve hours. They are not harmed by doing it; they do it because they feel their responsibility and they want to do the very best possible for the stockholders of their respective companies. And we believe the general public is perfectly willing that the officers should work as many hours a day as they please.

Mr. Mumford: I have worked long hours myself, Judge. Thank you.

Judge Gary: So have I.

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